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CIA LETTER HEAD

25 MAY 1976

The Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

In my dual statutory role both as Director of Central Intelligence and the Executive Head of the Central Intelligence Agency, I have studied the recommendations of the Rockefeller Commission Report to the President on CIA Activities Within the United States, as well as those recommendations issued by the Select Committee to Study Governmental Operations With Respect to Intelligence Activities, United States Senate. Both of these documents contain recommendations designed to increase the management expertise as well as to increase and intensify the level of supervision given to matters within the Intelligence Community and the Central Intelligence Agency. In addition to those documents, I have also studied the contents of Executive Order 11905, United States Foreign Intelligence Activities, of 19 February 1976. That document also discusses more managerial control and supervision within the Community and the several agencies.

We are now in the process of implementing many of the provisions of Executive Order 11905, as well as the recommendations of the Rockefeller Commission and the Senate Select Committee. It is in connection with those activities that I now write you and request a revision in the number of Executive Pay positions, the incumbents of which support me in my dual role.

Both the Rockefeller Commission and the Senate Select Committee made recommendations relative to the role and stature of the Central Intelligence Agency's General Counsel. The Rockefeller Commission's Recommendation 10(b) proposed that "consideration should be given to measures which would strengthen the Office's (i.e., Office of the General Counsel) professional capabilities and resources..." The Senate Select Committee specifically proposed in Recommendation 66 of their

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final report dated April 26, 1976, that "the General Counsel should be promoted to, and the Inspector General should continue to hold executive rank equal to that of the Deputy Directors of the CIA." The current grade assigned to the position of General Counsel is EP-05 and, for the aforementioned reasons, I wish to upgrade it to EP-04, such rank being held by the Deputy Directors in CIA.

The Intelligence Community Staff has had its responsibilities greatly enlarged by the provisions of Executive Order 11905. Executive Order 11905 created two Deputy Directors under the DCI - a Deputy DCI for the Central Intelligence Agency and a Deputy DCI for the Intelligence Community (DDCI/IC). Both of these Deputies will be Presidential appointees. Proposed legislation to amend the National Security Act of 1947 to provide for the two Deputy concept is being submitted to the Office of Management and Budget (OMB) by separate letter. These positions will be coequal in scope and responsibility and will need to be graded at the same level, EP-03. Only the Agency Deputy is so graded at this time.

While the Deputy DCI for CIA will be assisting the DCI in managing CIA, the Deputy DCI for the Intelligence Community will be assisting him in supervising and managing the Intelligence Community.

New and enlarged responsibilities for the Deputy DCI for the Intelligence Community are spelled out in the Executive Order. Principal among these is the requirement to be the principal staff arm of and to provide support to the Committee on Foreign Intelligence (CFI) in:

Controlling budget preparation and resource allocation for the National Foreign Intelligence Program.

Establishing policy priorities for the collection and production of national intelligence.

Establishing policy for the management of the National Foreign Intelligence Program.

Providing guidance on the relationship between tactical and national intelligence.

Providing continuing guidance to the Intelligence Community in order to ensure compliance with policy directions of the National Security Council.

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In addition, the Deputy DCI for the Intelligence Community will act for the DCI and exercise authorities and responsibilities delegated to him by the DCI as he may designate. Some of these responsibilities include:

Serving as Vice Chairman of the National Foreign Intelligence Board (USIB follow-on).

Supervising the Chairmen of DCI Committees (former USIB Committee Chairmen).

Acting in the DCI's behalf on CFI matters.

Serving as Acting DCI in the DCI's absence as the DCI may designate.

Supporting the DDCI/IC will be an Associate Deputy, currently assigned an EP-05 rating. It is desired to raise this to the EP-04 level. The Associate Deputy will be appointed by the DCI and will be responsible for assisting the Community Deputy in the discharge of his responsibilities cited above and in the supervision and management of the Intelligence Community Staff. He will act for the Community Deputy in his absence and will perform such other functions as may be designated by him. He will be the immediate supervisor of three Office Directors (two EP-05's and one GS-18), the Intelligence Community Staff Executive Officer, the CFI/NFIB Executive Secretary, and Special Assistants to the Deputy DCI/IC.

Reporting directly to the Associate Deputy and Deputy DCI/IC will be the Director of the Office of Performance Evaluation and Improvement for which an EP-05 grade is requested. This is a new position which will support the Deputy DCI/IC and the DCI in exercising their responsibility for evaluating and improving the performance of national foreign intelligence activities and programs. His principal functions include:

Developing, maintaining, and implementing requirements systems for collection and production of national intelligence.

Conducting studies and assessments of collection and production performance of the Intelligence Community.

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Assessing the responsiveness of intelligence activities, projects, and systems to consumer and user needs.

Evaluating and improving the mechanism by which collection and production requirements are established, prioritized, and tasked.

In concert with the Office of Program and Budget Development, supporting the NFIP program decision making process of the DCI and the CFI, primarily through assessments and evaluations of collection and production activities.

Supporting the national foreign intelligence policy decision making process of the DCI and the CFI, in concert with the Office of Policy and Plans.

Performing assessments of the utility and value of collection and production within the Intelligence Community.

Evaluating and improving the mechanisms and procedures by which national intelligence is collected and produced.

The Director, OPEI, will directly supervise four GS-18 Division Chiefs and one GS-17 Staff Chief. These include a SIGINT Division, Imagery Division, Human Resources Division, Production Assessment and Improvement Division and an Integration Staff. The SIGINT, Imagery, and Human Resources Division Chiefs also will serve as Chairmen of the three DCI Committees (former USIB) concerned with collection activities in their respective functional areas. Staff support for these Committees will be provided by OPEI. The Director, OPEI, assisted by the Integration Staff, will be responsible for looking across the board at collection activities to seek trade-offs where possible and optimize their use in areas where they promise the highest potential return.

Lastly, I address myself to the position of Deputy to the DCI for National Intelligence. This position, established by my direct predecessor, is currently graded at EP-05. The incumbent of the position should be viewed as the senior single substantively-qualified intelligence officer of the United States Government. He serves the DCI directly and is the senior counsel on all intelligence matters of substance. He oversees

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production of national intelligence estimates and special national intelligence estimates, national intelligence analytical memoranda, interagency intelligence memoranda and studies, and produces other analyses and assessments of varying degrees of formality requested by senior consumers, or commissioned to fill an obvious need, whose preparation involves the work of more than one component of the Intelligence Community. In performing his duties he provides a coordinating mechanism, operating on behalf of the DCI, to focus the talents and resources of the Community components on problems of particular importance. He is responsible for maintaining a continuing dialogue with senior officers of the United States Government to insure the adequacy of the intelligence support rendered them and, additionally, is responsible for maintaining contact with knowledgeable experts outside the Government to insure that intelligence production benefits from the full range and thinking in the United States. It is my intent to raise this position to the level of EP-04.

In summation, then, I plan to approve an EP-03 grade for the Deputy DCI for the Intelligence Community, and EP-04 grades for the Associate Deputy DCI for the Intelligence Community, the Deputy to the DCI for National Intelligence, and the General Counsel of the Central Intelligence Agency. I also propose to establish a new EP-05 position for the Director of the Office of Performance, Evaluation and Improvement. I ask for your concurrence.

Sincerely,

George Bush
Director

ORIGINATOR:

John F. Blake

11 MAY 1976

 John F. Blake
 Deputy Director
 for
 Administration

(Date)

Distribution: Original - Adse 1 - DDCI Designate
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 1 - DDA Chrono
 1 - JFB Chrono

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~~CONFIDENTIAL~~

Comptroller
Room 4E-38
Headquarters

Jack:

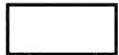
Per our telephone conversation of 10 May, I am forwarding the attached draft letter to Lynn for your review and/or comments. Also attached is a soft file pulled together by the Office of Personnel on "Executive Pay Actions Within the Agency".

/s/ John F. Blake

John F. Blake

2 Atts

STAT DD/Administration



7D24

5/11/76

Atts: Draft Ltr to The Honorable James T. Lynn, OMB for DCI's
Signature (draft dtd 11 May 1976)

DDA 76-2251, Soft File on Exec. Pay Grades in CIA

Distribution:

Orig RS - Comptroller w/Orig of Draft and Soft File

1 RS - DDA Subject w/cy of Draft/ w/o file

1 RS - DDA Chrono w/o atts

1 RS - JFB Chrono w/o att

DDA:J=Blake:der (11 May 1976)

Executive Registry
76-220511

22 May 1976

NOTE FOR DDA

Jack:

I'm returning this for one modification and an addition.

The modification comes in the last paragraph. Is my suggestion okay with you?

The addition is that of an EP-4 for D/DCI/NI. Rationale includes the following (see attached draft paper on national production for possible additional detail):

- A DCI responsibility transcending individual agencies, embracing the entire Community and basic to the DCI's job description concerning production of accurate, timely national intelligence.
- Importance of task argues for co-equality (at least) with CIA deputy directors and seniority over subordinate elements of CIA and the IC Staff.

STATINT

[Redacted]
E. H. Knoche

Attachment: a/s

EYES ONLY
CIA INTERNAL USE ONLY

UNCLASSIFIED INTERNAL
USE ONLY

76-2205

 CONFApproved For Release 2002/11/04 : CIA-RDP79-00498A000600010047-3
ROUTING AND RECORD SHEET

PRIORITY

SUBJECT: (Optional)

Executive Pay Positions

Form No. 1 Dec 58 160 Use Previous Editions (13)

FROM:

John F. Blake
DD/Administration
Room 7D-24, Headquarters

EXTENSION

NO.

DATE

11 May 1976

STAT

TO: (Officer designation, room number, and building)

DATE

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDCI Designate
Room 7D-60

RECEIVED

FORWARDED

OK with
me and
IC Staff

2.

5/14/76

3.

4.

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15.

Attached is the paper for the Director's signature to Mr. Lynn at OMB on the matter of executive pay positions. IC Staff is responsible for the substance of the language in support of their request.

Please note the letter is unclassified. I do not believe a classification is necessary but I bow to your judgment.

Suggest you clear it with Mr. Bush and then, per your suggestion, you notify Ogilvie that it is coming.

This matter has been coordinated with the Comptroller.

John F. Blake

Att:

FORM
3-62610 USE PREVIOUS
EDITIONS SECRET CONFIDENTIAL INTERNAL
USE ONLY UNCLASSIFIED

Executive Registry
26-2329

National Production

1. Organizational Location: Responsibility for national intelligence production, other than current, will be lodged in the Office of the Director of Central Intelligence, in accordance with Executive Order 11905.

2. National Intelligence Officers: The National Intelligence Officers will constitute the DCI's staff for this purpose.

- a. The NIO structure will be headed by the Deputy to the DCI for National Intelligence. He will work in close cooperation with the DCI's Deputies for the Agency and for the Community.
- b. Each NIO will be a senior staff officer who will serve the DCI directly as senior counselor on his assigned area of substantive responsibility.
- c. The NIO's will be drawn as broadly as possible from elements of the Intelligence Community, other government components, and outside government. In principle, NIO assignments will be rotational for two to three years.

ment of portfolios among them will depend on the DCI's perception of his needs at any given time.

3. Responsibilities: The NIO's will be responsible to the DCI for:

- a. Supervising ~~Non-current*~~ national production including:
 - Formal National Intelligence Estimates and Special National Intelligence Estimates
 - National Intelligence Analytical Memoranda
 - Interagency intelligence memoranda and studies
 - Intelligence Alert Memoranda
 - Selected DCI briefings
 - Other analyses and assessments of varying degrees of formality requested by senior consumers -- or commissioned to fill an obvious need -- whose preparation involves the work of more than one component of the Intelligence Community.

* Current Intelligence at the national level will continue to be a responsibility of CIA. CIA and the NIO's will concert to avoid inconsistency in substantive reporting.

b. Providing a coordinating mechanism,

operating on behalf of the DCI, to focus the talents and resources of all Community components on problems of particular importance.

c. Maintaining continual dialogue with senior consumers at the Assistant Secretary level or above, or their military equivalents, to ensure that they receive the best possible intelligence support, and to provide a channel for continuous feedback on intelligence matters. This responsibility will also include providing for the policy level consumer one point of contact to which he can turn for any form of intelligence support, knowing that his request will be passed on to those elements of the Community best equipped to handle it.

d. Within the Intelligence Community, developing and maintaining contact among all who work on any given substantive area -- collectors, analysts and producers.

e. Maintaining contact with knowledgeable experts outside the government to ensure that intelligence production benefits

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from the full range of thinking in
the United States.

- f. Developing major substantive requirements and assistance to the evaluation of intelligence performance, in cooperation with the Deputy Director, Community and his staff.
- g. Performing any other tasks the DCI assigns.

4. Production Mechanism:

- a. The NIO's will not normally function as a production office.* The NIO structure will not include a drafting staff.
- b. The actual drafting of national products will be done by line officers drawn from the Community components best equipped to handle the particular project in question.**
- c. The drafting of national products will be done under the supervision of the NIO responsible for the project in question. A draft so produced will not be viewed as an institutional product, i.e., neither the office nor the component to which the drafter(s) belong will be obligated to support the draft

* There will be occasional instances where, on matters of great sensitivity, some senior official will ask for a substantive comment quietly prepared by a single person.

** Procedures for minimizing the disruption of line offices' work and erosion of line command jurisdiction entailed by this approach are outlined in Paragraph 6.

d. After a draft has been produced and reviewed, it will be submitted to concerned line components for coordination and discussion. The precise nature of these coordination procedures will vary with the formality of the document -- NIEs and SNIEs being the most formal. In every instance, however, line entities will have ample opportunity to express their views and the NIO responsible will be under an obligation to ensure that the final product fairly reflects significant differences of opinion.*

5. Collegial Review (The Intelligence Advisory Panel):

One criticism of the current approach has been that national products do not, at any stage in their production, receive a collegial review. This deficiency will be rectified by the creation of an Intelligence Advisory Panel to the DCI.

a. This Panel will consist of approximately three dozen highly-qualified people drawn

* Coordination among Intelligence Community components is an essential feature of the production of truly national products. The concept of coordination does not involve the development of consensus judgments. Divergent views will be submitted to debate among knowledgeable experts, but where significant differences on important issues remain unresolved, they will be reflected in the final finished product so that policy level consumers will be fully aware that there are such differences, what they are, and what are their bases.

from a variety of disciplines. The Panel will be recruited from within the Intelligence Community, the non-intelligence components of the government, and -- to the extent feasible -- the outside world: academia, industry and journalism.

b. The optimum point for collegial review in the production process is after the basic draft is prepared and before it is circulated for coordination. Consequently, for each NIE/SNIE or other significant national product (deadlines permitting), three people will be picked from the Intelligence Advisory Panel to go over that particular paper in draft.

--- The Panel members involved will meet in Washington and spend whatever time is necessary going over the draft with the NIO, the project chairman and the drafters. They will critique the draft for balance and objectivity, ensuring that it addresses the right questions, is clear and cogent, and takes proper account of ancillary issues and critical variables.

visory Panel will not entail a large expenditure of time over a prolonged period, but rather a willingness to work intensively for periods of short duration.

(The reason for having so large a Panel is to ensure that on any given national product three good reviewers will be available.)

- c. The Intelligence Advisory Panel can also advise the DCI on the overall quality of the national production effort and can engage in that effort the best talent available in the United States. While the Panel will seldom, if ever, meet as a whole, various members of it can and will be convened to participate in seminars or discussion groups critiquing the totality of our effort in various fields.
- d. Although the Panel will be advisory to the DCI, its normal point of contact with the DCI's office will be D/DCI/NI.

6. The Minimization of Line Disruption: Since the NIO structure will not have its own independent drafting staff and will be forced to borrow talent from line components, some intrusion on

line offices is inevitable. The amount of this intrusion, however, ~~can~~ be minimized by the following steps:

- a. The D/DCI/NI will be responsible for ensuring that requests for intelligence support levied on the Intelligence Community through the NIO's do not overburden the system. Should this occur, he will raise this problem directly with requesting consumers to refine their requests or put them in priority order, and will advise the DCI on the problems involved as appropriate.
- b. The D/DCI/NI will chair a steering group that will include the heads of the major production components of the Intelligence Community. This group will meet regularly to review the national production effort and ensure that the workload is properly and fairly distributed. It will keep under continuing review production schedules and requests for specific projects involving extensive work to ensure that ~~the disruption to line components is minimized and that the tasking necessitated by requirements for national products is handled with the greatest efficiency and least disruption to line components.~~

c. Each NIO will be specifically charged with

levying his requirements through the appropriate chain of command of the Intelligence Community components involved. ~~The procedures used by each NIO with each component involved~~: The procedures used by each NIO with each component will be worked out to the satisfaction of the component's head.

d. Any component head who feels that NIO-sponsored tasking is disrupting his office should take this matter up initially with the NIO involved, then with D/DCI/NI and -- if that does not prove satisfactory -- directly with the DCI.

e. ~~The NIO's will support any reasonable requests by component heads for additional resources to handle requests for national products~~

7. Credit for National Products:

- a. When a national product involves the work of more than one Intelligence Community component, identification of the offices and components contributing to it will be prominently noted in the document.
- b. Where a request from a senior consumer, passed through the NIO structure, is met

work of a single Community component,
that component will issue the response.

It will be forwarded by the NIO to the
consumer with the transmittal note calling
attention to the fact that the consumer's
request was taken care of by the attached
"CIA Memo," "DIA Memo," etc.

8. The CIA Relationship: One of the NIOs' main functions
is to help knit the Community together as an organic whole and, in
producing national intelligence, draw on the totality of Community
resources. The NIO's ~~however~~ ^{will} must have a special relationship
with CIA, ~~growing naturally from the fact that CIA~~
~~is the only producing organization fully dedicated to~~
national intelligence needs, and ^{it} plays a proportionately large role
in national production. ~~The NIO's must give full recognition to~~
~~this role.~~ Moreover, arrangements will be worked out with the Deputy
for CIA to ensure that he is kept abreast of the uses that the NIO's
are making of CIA resources.

9. Relations with the Deputy to the DCI for the Intelligence
Community: The relationship between the NIO structure and the
Deputy Director, Community will obviously have to be a close and
cooperative one -- particularly with respect to the DCI committees
(formerly USIB committees) on which the NIO's will have to rely and
for which the Deputy Director, Community has supervisory responsibility.

- a. Arrangements will be devised to ensure
a mutually supportive relationship be-
tween the NIO structure and the Intel-

Intelligence Community Staff to:

-- Give the Deputy Director, Community guidance with respect to

basic needs, requirements, future perspectives, etc;

-- Help him strike the right balance between resources and substantive needs, matching the former to the latter wherever possible but arranging substantive needs in priority order.

-- Assist the Deputy Director, Community in his and his staff's evaluation work.

b. These arrangements will be structured to minimize areas of non-productively overlapping responsibilities. The NIO's, for example, will be in continuous touch with consumers to stay abreast of their evolving needs; the IC Staff will be responsible for evaluation of products and services -- but both will contribute to giving the DCI overall assessments of the Community's total performance.

Assessing the responsiveness of intelligence activities, projects, and systems to consumer and user needs.

Evaluating and improving the mechanism by which collection and production requirements are established, prioritized, and tasked.

In concert with the Office of Program and Budget Development, supporting the NFIP program decision making process of the DCI and the CFI, primarily through assessments and evaluations of collection and production activities.

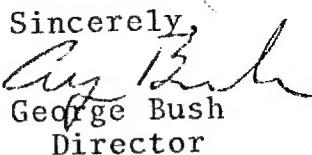
Supporting the national foreign intelligence policy decision making process of the DCI and the CFI, in concert with the Office of Policy and Plans.

Performing assessments of the utility and value of collection and production within the Intelligence Community.

Evaluating and improving the mechanisms and procedures by which national intelligence is collected and produced.

The Director, OPEI, will directly supervise four GS-18 Division Chiefs and one GS-17 Staff Chief. These include a SIGINT Division, Imagery Division, Human Resources Division, Production Assessment and Improvement Division and an Integration Staff. The SIGINT, Imagery, and Human Resources Division Chiefs also will serve as Chairmen of the three DCI Committees (former USIB) concerned with collection activities in their respective functional areas. Staff support for these Committees will be provided by OPEI. The Director, OPEI, assisted by the Integration Staff, will be responsible for looking across the board at collection activities to seek trade-offs where possible and optimize their use in areas where they promise the highest potential return.

In summation, then, I ~~plan to~~ request you approve an EP-03 grade for the Deputy DCI for the Intelligence Community, and an EP-04 grade for both the Associate Deputy DCI for the Intelligence Community and the General Counsel of the Central Intelligence Agency, and establish a new EP-05 position for the Director of the Office of Performance, Evaluation and Improvement. I ~~ask~~ for your concurrence.

Sincerely,

George Bush
Director